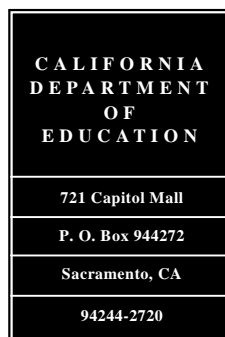




DELAINE EASTIN
State Superintendent of Public Instruction



March 29, 2000

To: County Chief Business Officers

From: Caryn Becker, Manager
Financial Accountability and Information Services

Subject: **2000-01 Approved Indirect Cost Rates**

Based on our review of the 1998-99 J-380/580/780 (J-380) and standardized account code structure (SACS) expenditure data, we have finalized the approved indirect cost rates for use with 2000-01 programs. The listing of approved rates for your county is enclosed; please notify your LEAs of their approved rates. Also enclosed is an informational listing of indirect cost rates for your county covering the last four years.

Individual Indirect Cost Rates

Local educational agencies (LEAs) not filing a 1998-99 J-380 under the biennial filing option were, consistent with our federally approved indirect cost plan, assigned an approved indirect cost rate that is 95% of their approved prior year rate.

For the few J-380 and SACS LEAs where the "fixed with carry forward" calculation produced a negative indirect cost rate (e.g., total adjusted indirect costs were negative), with the concurrence of the U.S. Department of Education, a modified rate has been approved for these specific LEAs. If LEAs in your county are affected, a separate attachment is enclosed to explain how these approved rates were determined.

As a reminder, because joint powers agencies (JPAs) do not generally meet the guidelines for receiving approved indirect cost rates, they are not an approved rate unless it is requested during the data submission process. For further information on indirect cost rates applicable to JPAs, including the guidelines that must be met to receive an approved indirect cost rate, please refer to our February 26, 1998, letter on Financial Reporting for JPAs, a copy of which is located on our Web site at (<http://www.cde.ca.gov/sfsdiv/financial/jpa.htm>).

Statewide Indirect Cost Rates

Education Code sections 38101(c) and 52616.4(a)(3) allow school districts to charge indirect costs to food service and adult education programs at the lesser of a school district's indirect cost rate as

approved by the California Department of Education or the statewide average indirect cost rate. The statewide rates to be used for 2000-01 programs are:

Food Service Programs	5.24%
Adult Education Programs	5.22%

Please notify your LEAs of the statewide rates for use with 2000-01 food service and adult education programs.

Should you need further information or assistance concerning the indirect cost rates, please feel free to contact our office at (916) 322-1770; you may also contact us through e-mail (faisinfo@cde.ca.gov). Also, please note that this letter, along with the listing of the last four years indirect cost rates, will be posted on our web site at (<http://www.cde.ca.gov/sfsdiv/financial/icr.htm>).

Sincerely,

Caryn Becker, Manager
Financial Accountability and Information Services

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Enclosures

cc: County Superintendent